



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 8/6/2007

**GAIN Report Number:** AS7042

## Australia

### Agricultural Situation

### Ag Down Under Vol. 8, 2007

**2007**

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Canberra [AS1]  
[AS]

### **Wheat Forecast 21.1 MMT; Barley 8.5 MMT; All Depends on Rain**

Sowing is now completed for the Australian winter cereal crop (wheat and barley). Production levels of winter cereal in Australia for the 2007/08 harvest will be primarily driven by weather conditions in August and September, a typical "do-or-die" time for Australian winter cereal production. Cool, wet conditions during this time would effectively extend the growing season and allow for maximum "crop-fill" – greatly increasing yields. However, hot and dry conditions during this period would effectively cut the growing season short, greatly reducing yield. Forecast wheat production remains unchanged at 21.1 MMT, despite planted area falling significantly. Barley production is forecast to increase slightly to 8.5 MMT, although planted area remains unchanged.

Planting of rice and sorghum will not likely occur until October and November. As rice is grown under intense irrigation, the primary driver of rice production is weather events affecting the catchment areas in the lead up to planting the rice crop. Sorghum production, which is mostly dryland, will be largely determined by weather conditions leading up to planting, and for some time after. Forecast sorghum production for 2008/09 remains unchanged at 1.9 MMT. Rice production for 2008/09 is forecast at a record low 50,000 MT. *(For further information, see GAIN Report AS 7041)*

### **Report on Australian Food and Agriculture Import Regulations and Standards**

FAS/Canberra has issued the 2007 Food and Agriculture Import Regulations and Standards for Australia, which provides a guide for U.S. exporters of agricultural products to the Australian market. The report is an excellent resource for U.S. exporters and contains information on food laws, labeling requirements, requirements for genetically modified foods, packaging and container requirements, food additive regulations, pesticide tolerances, advertising, food requiring pre-market clearance, government-to-government certification arrangements, quality assurance systems, nutrition claims, permitted health claims, import procedures, government regulatory contacts and other important specialist contacts. The report is available on the FAS website, GAIN Report AS 7040.

### **Senate Committee Completes Inquiry Into New Zealand Apple Decision**

The Federal Government's Senate Regional and Rural Affairs Committee completed in June an inquiry into the decision made by Biosecurity Australia to allow apple imports from New Zealand. The Committee has stated that it remains to be convinced that the risk of establishment of disease after the importation of contaminated fruit was low to very low and has asked for a draft of the standard operating procedures currently being developed as well as details of the scientific evidence and modeling undertaken as part of the IRA process. The Committee has also stated that imports of apples from NZ should not commence before the Committee has completed its consideration of the matter. *(For further information, see GAIN Report AS 7039)*

### **Panel to Review GM Crops in NSW**

The New South Wales (NSW) government has followed the lead of other states in appointing a panel to review its moratorium on commercial plantings of genetically modified food crops. The review will explore issues directly associated with trade and market access resulting from the potential production of commercially grown GM food crops in NSW. It follows the appointment of similar inquiries in the other southern states, and comes ahead of the expiry of the moratoria in NSW, Victoria, South Australia and Western Australia over the next 12 months. The NSW Gene Technology Act 2003 (GM Crop Moratorium) expires in March 2008. NSW Primary Industries Minister, Ian Macdonald, says the State Government is keen to

canvass "all the possible options and stakeholder opinions before making a decision on the future of GM crops".

Despite the review process, the Grains Council of Australia says the commercialization of GM canola should proceed without delay as soon as the moratoria expire. GCA chairman, Murray Jones, said the moratoria had provided sufficient time to determine the protocols, food safety assurances and co-existence practices that industry would put into practice once the bans were lifted. "Our industry is ready to plant and manage co-existence with GM canola," Mr Jones said. "Our competitors around the world are way ahead of us in developing and selling GM canola into our traditional markets." (Source: *news.com.au* July 16, 2007)

### Demerged AWBI 'Too Costly'

Australian Wheat Board (AWB) Limited chairman, Brendan Stewart, says new wheat export marketing arrangements make it "too complex and too costly" to de-merge the existing AWB International from AWB Ltd. However, in a statement released July 26, Mr. Stewart says the same objective can be achieved by creating a new AWB Limited subsidiary. Mr. Stewart said the new entity would then be legally separate from AWB Limited. It would have a new and independent board of directors and a stand alone executive team. "All operational functions would be contracted out on a fully contestable basis," Mr. Stewart said, "So most of the operating capital and risk would be borne by external service providers." He said it would cost AWB Limited approximately A\$10-\$15 million to establish a new grower-owned and controlled business including initial equity capital and transaction costs.

Agriculture Minister Peter McGauran said it was "encouraging" that AWB had committed to developing a new company that may be in a position to take over the management of the single desk. "It is essential that AWB works closely with the Wheat Export Marketing Alliance to make sure the proposal complements work already under way," Mr. McGauran said. Graham Blight, former president of the National Farmers Federation, has been appointed to chair the Wheat Export Marketing Alliance (WEMA), the organization that is working on developing an alternative single desk for wheat marketing. Australian Wheat Growers have been given until March 1, 2008 to develop an alternative single desk wheat exporter. (Source: *July 26, 2007 Rural Press National News Service, Parliament House Bureau, Canberra*)

### Successful Animal ID Exercise

A national exercise to trace cattle has revealed the performance of Australia's National Livestock Identification System (NLIS) has improved significantly over the past three years. In May 2007, 300 tags were randomly selected from all parts of the production chain and audited against performance standards. Nearly 99% of the cattle involved in the exercise were traced back to their property of birth, compared with 75% traceback when a similar exercise was conducted in 2004. As a result of the audit, Agriculture Minister Peter McGauran, said 21 recommendations had been agreed to by a joint government-industry committee to further strengthen the NLIS, including standardizing tracing procedures and reporting formats across the country, prioritizing traces based on risk, and making it clearer what responsibilities the NLIS database administrators would have in the event of a disease outbreak. (SOURCE: *FarmOnline National News Bureau, Parliament House, Canberra, July 11, 2007*)

### Record A\$3 Billion Australian Wine Exports

Australian wine exports rose to new records in value (A\$2.99 billion, up 7 percent from the previous year) and volume (798 million liters) in the 2006/07 financial year, the Australian

Wine and Brandy Corporation reported. The UK was the top export market for Australian wine in both value (A\$974 million) and volume (281 million liters) in 2007/08, followed by the U.S. with 220 million liters valued at A\$960 million. Wine exports to China rose an impressive 90 percent to 23 million liters valued at A\$49 million in the financial year.  
(Source: July 6, 2007 [www.news.com.au](http://www.news.com.au))

#### Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:

<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Report Number	Title of Report	Date
AS7041	Grain Quarterly Update	08/01/07
AS7040	FAIRS Country Report	07/31/07
AS7039	Senate Committee Completes Inquiry into NZ Apple Decision	07/09/07
AS7037	New Import Risk Analysis Process Becomes Law	06/28/07
AS7036	Agricultural Biotechnology Annual	06/28/07
AS7035	Ag Down Under Vol. 7, 2007	06/22/07
AS7034	Parliament Passes Legislation to Amend Wheat Marketing in Australia	06/22/07
AS7033	"Australian Grown" Logo Launched	06/22/07
AS7032	Biofuels Annual	06/08/07
AS7030	Dairy Semi-Annual	05/17/07
AS7029	Soybeans Approved for Import	05/14/07
AS7028	Ag Down Under Vol. 6, 2007	05/11/07